

Message Text

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16

ACTION TRSE-00

INFO OCT-01 AF-10 EUR-25 ISO-00 IO-14 NEA-11 SPC-03 SAM-01

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 SS-20 STR-08

OMB-01 CEA-02 L-03 H-03 CIAE-00 INR-10 NSAE-00 DRC-01

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R 082022Z FEB 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0332

INFO USMISSION OECD PARIS

AMEMBASSY CANBERRA

AMEMBASSY VIENNA

AMEMBASSY BRUSSELS

AMEMBASSY OTTAWA

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY DUBLIN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY KUWAIT

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY WELLINGTON

AMEMBASSY OSLO

AMEMBASSY PRETORIA

AMEMBASSY STOCKHOLM

AMEMBASSY LONDON

AMEMBASSY TEL AVIV

AMEMBASSY MADRID

AMEMBASSY BELGRADE

AMEMBASSY BERN

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ECON, IBRD

SUBJECT: US PARTICIPATION IN IDA

REF: A. STATE O24223, B. USUN 276 (NOTAL),
C. BONN A-71

1. SECRETARY SHULTZ'S LETTER WAS DELIVERED TO
THE OFFICE OF FRG FINANCE MINISTER SCHMIDT.

2. AN EMBOFF ALSO CALLED ON OSTERHAUS IN THE FRG
AID MINISTRY, WHO WAS IN A BLUE FUNK OVER THE ACTION
BY THE HOUSE OF REPRESENTATIVES, HAVING JUST
RETURNED FROM A MEETING IN PARIS CONCERNING NON-
REGIONAL COUNTRIES MEMBERSHIP IN THE IDB.
OSTERHAUS SAID THAT THE MOST POPULAR TOPIC OF
DISCUSSION IN PARIS WAS THE NEGATIVE IMPACT THE
HOUSE'S DECISION WOULD HAVE ON OTHER DONORS AND
THE LDC'S IN GENERAL. HE SURMISED THAT UNLESS
THE CONGRESS REVERSED THE DECISION BY MAY, PRIOR
TO THE JUNE NOTIFICATION DEADLINE, THE FOURTH IDA
REPLENISHMENT WOULD NOT OCCUR. IN SHORT, THE HOUSE
ACTION ENDANGERS THE \$4.5 BILLION REPLENISHMENT.

3. SPECIFICALLY OSTERHAUS NOTED THAT THE HOUSE OF
REPRESENTATIVES' ACTION HAD DAMAGED THE FRG'S CHANCES
OF GETTING THEIR IDA LEGISLATION THROUGH THE
BUNDESTAG. HE SAID THAT THE THREE RANKING MEMBERS
OF BOTH AID AND BUDGET COMMITTEES HAD MET WITH
GOVERNMENT REPRESENTATIVES, AS IS NORMAL PRIOR TO
CONSIDERATION OF LEGISLATION BY THE COMMITTEE, AND
TOLD THEM THE IDA LEGISLATION WAS IN FOR ROUGH
SLEDDING. OSTERHAUS DOUBTED, IN RESPONSE TO THE
EMBOFF'S QUERY, THAT ECONOMIC PROBLEMS ARISING FROM
ENERGY CRISIS WOULD PLAY ANY ROLE IN ARGUMENTS IN
THE BUNDESTAG TO REDUCE THE AID MINISTRY'S BUDGET.

4. COMMENT: THE PRESENT DIFFICULTIES IN THE BUNDESTAG
OVER THE AID MINISTRY'S BUDGET ARE IN PART DUE TO THE
UNPOPULARITY OF AID MINISTER EPPLER IN THE BUNDESTAG
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OVER QUESTIONS UNRELATED TO THE IDA REPLENISHMENT. IN
SPITE OF THESE INTERNAL POLITICAL PROBLEMS, HOWEVER,
THE IMPACT OF THE CONGRESSIONAL ACTION MAY BE
SUFFICIENTLY NEGATIVE TO ENDANGER PARLIAMENTARY PASSAGE
OF THE FRG REPLENISHMENT REQUEST. HILLENBRAND

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